# *About the Tools*

This toolkit is drawn from the contents of the book “It IS Broke. Fix It! The Comprehensive Business Improvement Tool Kit” by David Connaughton. The book includes these chapters:

1. Create an Operating Vision
2. Lean toward Lean
3. Achieve Quality with Six Sigma
4. Apply the Tools to Get It Done
5. Get It Done Fast with Kaizen
6. Organize a Project
7. Map It and Understand It
8. Be Financially Literate
9. Put Finance to Work
10. Make the Business Case for Change
11. Make Them Care with Metrics
12. Stop Boiling the Ocean
13. Make Up Your Mind
14. Just Enough Math
15. Get Some Really Big Brains
16. Get the Team on Board
17. Strategy Considerations

All of these chapters are summarized in a single set of slides (16-it-is-broke-slides.pptx) and working tools support nearly every concept in the book.

***Some of the Excel workbooks listed below require Microsoft Excel macros (Visual Basic for Applications, or VBA, included in every Excel workbook) to be enabled in order to view instructions. This does not work with Apple ‘Numbers.’***

The Excel workbooks include:

01-survey-tool.xlsx

Business analysis needs focus, based on a definition of the business issue being addressed. But it also needs context, because the interrelated parts of a business often cause improvement programs to have unintended consequences. It is important to know up front the activities that are working well and those that need improvement, and to design improvement projects that ensure optimum results.

02-5S-audit.xlsx

This tool is designed to provide a quick but thorough methodology for assessing the order, cleanliness and neatness of a workplace, essentials for a lean operation.

03-prioritizing-tool.xlsx

Once a problem and its root causes have been identified, setting priorities for correcting it can be challenging. Factors such as cost and politics will influence these decisions significantly. Two tools that often help are:

Pareto analysis (applying the 80-20 rule) identifies which root causes are most often to blame and starts with those

Failure mode and effects analysis (FMEA) considers the severity, probability, and ease of detection of each cause and preioritizes based on the estimated risks

04-opportunity-id.docx

When analyzing business problems, it's critical that the team - executives, managers, operators, consultants - have a common understanding of each problem, beginning with strong agreement on the problem definition. This document provides a tool for collecting and organizing information about an issue, the method to correct it, a vision of its future state, and the financial implications: what it currently wastes, how much it will cost to fix it (and the risks), and the expected financial benefits.

05-kaizen-events.xlsx

"Kaizen Event" is a Japanese name for an accelerated improvement process. It is focused on speed and agility, aimed at producing step change process improvements in a short time and a narrowly targeted area. The focus is on immediate improvement, not long term optimization. Kaizen Events are also known as Rapid Improvement Events (RIEs), Rapid Process Improvements (RPIs), Blitzes, and similar titles.

06-project-admin.xlsx

Large business projects can be complex and hard to hold together, even by experienced managers and executives. This workbook contains tools designed to communicate and coordinate information critical to keeping the team aligned and the activities on schedule.

07-process-map.docx

Many performance issues stem from weak processes of all types, and relatively few from incompetent or negligent individuals. Information flow, material movement, financial analysis, executive decision-making, planning and scheduling - all involve processes, and many of these cross department lines and are beyond the control or even the understanding of a single person. Understanding what really happens in a process is the first step to streamlining, eliminating waste, and improving quality.

08-operations-analysis.xlsx

These forms are intended as a starting point for analysis of the 'shop floor.' In fact, this analysis applies to most administrative work as well.

Here are forms for use in administering:

* Day in the Life Of (DILO) studies
* Line balancing studies
* Standard work studies

09-thruput-calculator.xlsx

This tool will help determine the potential for profit improvement from increased throughput and/or yield, assuming these improvements can be attained without driving new cost into the ongoing operations.

Any investments required to achieve these improvements are not considered here - this is simply a view of the benefit side of a throughput improvement.

Based on marketing constraints, it also shows whether the improvement will be limited to a cost reduction or limited only by the potential for salable product.

10-initiatives-review.xlsx

Many organizations try to ‘boil the ocean,’ working on many improvement initiatives simultaneously, investing considerable time and resources without coordination or prioritization. This workbook contains simple formats for investigating who is doing what, where and why in order to help executives focus the resources of the organization on the improvements that will really count.

11-finance-concepts-and-tools.xlsx

* 1. THE RULES: designed to help financial managers adopt a winning financial philosophy.
  2. FINANCIAL STATEMENT PRIMER: to ensure sufficient financial literacy, includes a schematic of the statements, description of cash flow activities, a description of ratios used in finance, and an overview of the Chart of Accounts.
  3. CHART OF ACCOUNTS: To show how financial books are organized.
  4. BREAKEVEN: to help product managers think about how many units they need to sell to avoid losing money.
  5. START-UP FINANCIALS: to help create investor and bank ready statements. This is an exceptionally powerful and useful tool for evaluating new business opportunities.

12-business-cash-xlsx

From time to time you may need a rough estimate of how much cash you will need, where it will come from, and when. For example, you may need a cash plan when sales dry up, or you have an opportunity to expand. You will definitely need to understand your cash situation before entering a new entrepreneurial business or product line. This workbook contains forms to create a solid cash plan.

13-tools-templates.xlsx – ***on opening, you must enable macros to use this tool***

Model: depicts the structure of a model using Excel.

Executive Highlights: illustrates the kind of information commonly prepared for high-level, busy people.

ROIC: depicts the 'Dupont' chart which structures financial data for better focus.

Payback Curve: shows a clear picture of investment cash flow over time. (This is also used in the Business Case and In-Out Source tool.)

Shareholder Value: depicts a method of evaluating the components of business that drive value for investors.

Currency Combination: offers an approach to combining diverse foreign currencies in financial documents.

Activity Based Costing: provides an approach to evaluating product pricing when cost drivers may not be tracked accurately.

Price Sensitivity: suggests a method of evaluating whether pricing is optimal - not too high to drive away too many customers, not low enough to reduce margins too significantly.

Economic Order Quantity: shows the formula for determining the optimum number of items to order to keep the production line operating or the sales pipeline full.

Constant Investment: provides the value of a constant investment at a constant interest rate at the end of any period during the life of the investment.

Mortgage Balance: provides the remaining balance and total interest paid at the end of any period during the life of the mortgage.

Real Property Profit: provides a rough estimate of a real estate investment, for initial planning purposes.

Glossary: a comprehensive listing and definitions of financial terms. This glossary is included in each model that requires macros.

14-business-case.xlsx – ***on opening, you must enable macros to use this tool***

There are many circumstances in business that require a business analysis, a justification for making or refusing to make an investment. A significant part of that case is financial:

* Can we afford to make the investment?
* Will we get our money back? And more?

This workbook walks you through a complete methodology for creating bullet-proof business cases.

15-in-out-source.xlsx – ***on opening, you must enable macros to use this tool***

The Insource/Outsource tool is designed to quickly generate return on investment information related to Insourcing (in-house production of goods or services currently acquired outside) or Outsourcing (purchasing externally goods or services currently provided in-house).

It also shows the impact on various lines of the Income Statement and Balance Sheet, based on inputs about the type of expenses and assets involved.

06-thruput-calculator.xlsx

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Based on marketing constraints, it also shows whether the improvement will be limited to a cost reduction or limited only by the potential for salable product.

To see more about ROI-Team’s tools click our logo.

[](http://roi-team.us)